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To: Mr. Shepard P. Pollack

Date: December 18, 1978

From: W. W. McDowell

Subject: FTC -- CO

The Federal Trade Commission has announced that they plan to test cigarettes for CO and to publish numbers by brand. Whether they are in fact testing, or continuing experimental work, is uncertain and no date has been given for publication. Secretary Califano indicated in a speech to the American Cancer Society that CO numbers would be published in the spring of 1979, but no official date has been set.

If testing is in fact underway, which is unlikely, the testing would have to be done on the cigarettes picked up in March 1978 for the regular tar and nicotine test. The tar and nicotine publication based on this pickup will probably be published in March 1979, although this date is not certain.

If the new numbers are published in March 1979, the next pickup for tar and nicotine and CO testing would be in February for publication no earlier than six months after the pickup and, more likely, twelve months (based on past experience).

With current inventory levels and production lead times, it would not be possible to have the lowered CO Marlboro Red and Benson & Hedges 100's in the field by the February pickup. On the other hand, there is considerable precedent for having the FTC perform a special pickup after a product change has been made.

With the lead times involved, we could almost certainly have the changed Marlboro and Benson & Hedges products in the field in time for a special pickup and inclusion in the subsequent report if we acted to change the products when we received notification that the next pickup was to be made. The timing parameters are outlined below:

Notification -- one month prior to pickup

Special Pickup -- no less than two months prior  
to publication

Pickup to Publication -- six to twelve months

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Mr. Shepard P. Pollack  
December 18, 1978  
Page 2

Notification to Latest Special Pickup -- five to  
eleven months

Notification to Product in the Field -- four months

Therefore, changing the products prior to the notification of the next pickup is not likely to alter the outcome and would unnecessarily increase costs in the meantime.

However, waiting for notification does have risks, principally that the FTC will depart from their historical pattern. In view of the risks, the following program is recommended:

- Begin building an inventory of perforated tipping paper in January. This means product specifications must be set.
- Target production of diluted Marlboro for April 1st. This will result in field availability by June 30th, in time for a special pickup if necessary.
- Delay conversion of B&H until FTC intentions are clearer.

WWM:od

cc: Mr. H. Cullman  
Mr. T. T. Goodale  
Mr. A. Holtzman  
Mr. F. E. Resnik

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